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UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

- - -

IN RE: NATIONAL	:	
PRESCRIPTION	:	MDL No. 2804
OPIATE LITIGATION	:	
	:	Case No.
	:	1:17-MD-2804
THIS DOCUMENT RELATES	:	
TO ALL CASES	:	Hon. Dan A. Polster

- - -

Wednesday, February 27, 2019

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CONFIDENTIALITY REVIEW

- - -

Videotaped deposition of JAMES T. SCHOEN,
held at the Hilton Garden Inn, Perrysburg, Ohio,
commencing at 12:59 p.m., on the above date, before
Carol A. Kirk, Registered Merit Reporter and Notary
Public.

- - -

GOLKOW LITIGATION SERVICES
877.370.3377 ph | 917.591.5672 fax
deps@golkow.com

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<p>1 APPEARANCES:</p> <p>2 On behalf of the Plaintiffs:</p> <p>3 MCHUGH FULLER LAW GROUP</p> <p>4 BY: LANCE REINS, ESQUIRE</p> <p>5 lance@mchughfuller.com</p> <p>6 ALLAN (A J) L ELKINS, ESQUIRE</p> <p>7 allan@mchughfuller.com</p> <p>8 (via teleconference)</p> <p>9 97 Elias Whiddon Road</p> <p>10 Hattiesburg, Mississippi 39402</p> <p>11 601-261-2220</p> <p>12</p> <p>13 On behalf of AmerisourceBergen Corporation (via</p> <p>14 teleconference and text/video streaming):</p> <p>15 JACKSON KELLY PLLC</p> <p>16 BY: SANDRA K. ZERRUSEN, ESQUIRE</p> <p>17 skzerrusen@jacksonkelly.com</p> <p>18 50 South Main Street, Suite 201</p> <p>19 Akron, Ohio 44308</p> <p>20 330-252-9060</p> <p>21</p> <p>22 On behalf of HBC (via teleconference and text/video</p> <p>23 streaming):</p> <p>24</p> <p>MARCUS & SHAPIRA LLP</p> <p>BY: ELLY HELLER-TOIG, ESQUIRE</p> <p>ehtoig@marcus-shapira.com</p> <p>One Oxford Center, 35th Floor</p> <p>301 Grant Street</p> <p>Pittsburgh, Pennsylvania 15219-6401</p> <p>412-338-3345</p> <p>On behalf of Walmart (via teleconference and</p> <p>text/video streaming):</p> <p>JONES DAY</p> <p>BY: PATRICIA OCHMAN, ESQUIRE</p> <p>pochman@jonesday.com</p> <p>901 Lakeside Avenue East</p> <p>Cleveland, Ohio 44114</p> <p>216-586-3939</p>	<p>1 ALSO PRESENT:</p> <p>2 Michael Newell, Videographer</p> <p>3 Zachary Hone, Trial Technician</p> <p>4 - - -</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>
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<p>1 On behalf of Prescription Supply, Inc</p> <p>2 FOX ROTHSCHILD LLP</p> <p>3 BY: JAMES C. CLARK, ESQUIRE</p> <p>4 jclark@foxrothschild.com</p> <p>5 STEPHAN A. CORNELL, ESQUIRE</p> <p>6 scornell@foxrothschild.com</p> <p>7 (via teleconference and text/video</p> <p>8 streaming)</p> <p>9 2700 Kelly Road, Suite 300</p> <p>10 Warrington, Pennsylvania 18976-3624</p> <p>11 215-345-7500</p> <p>12</p> <p>13 On behalf of Johnson & Johnson and</p> <p>14 Janssen Pharmaceuticals:</p> <p>15</p> <p>16 TUCKER ELLIS LLP</p> <p>17 BY: JEFFREY M. WHITESELL, ESQUIRE</p> <p>18 jeffrey.whitesell@tuckerellis.com</p> <p>19 950 Main Avenue, Suite 1100</p> <p>20 Cleveland, Ohio 44113</p> <p>21 216-592-5000</p> <p>22</p> <p>23 On behalf of McKesson (via teleconference and</p> <p>24 text/video streaming):</p> <p>COVINGTON & BURLING LLP</p> <p>BY: MARY YANG, ESQUIRE</p> <p>myang@cov.com</p> <p>One CityCenter</p> <p>850 Tenth Street, NW</p> <p>Washington, DC 20001</p> <p>202-662-5110</p> <p>On behalf of HBC:</p> <p>MARCUS & SHAPIRA LLP</p> <p>BY: MOIRA CAIN-MANNIX, ESQUIRE</p> <p>cain-mannix@marcus-shapira.com</p> <p>One Oxford Center, 35th Floor</p> <p>301 Grant Street</p> <p>Pittsburgh, Pennsylvania 15219-6401</p> <p>412-338-3345</p>	<p>1 VIDEOTAPED DEPOSITION OF JAMES T. SCHOEN</p> <p>2 INDEX TO EXAMINATION</p> <p>3 WITNESS PAGE</p> <p>4 JAMES T. SCHOEN</p> <p>5 CROSS-EXAMINATION BY MR. REINS: 9</p> <p>6 REDIRECT EXAMINATION BY MR. CLARK 143</p> <p>7 RECROSS-EXAMINATION BY MR. REINS: 144</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>

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<p style="text-align: right;">Page 6</p> <p>1 VIDEOTAPED DEPOSITION OF JAMES T. SCHOEN 2 INDEX TO EXHIBITS 3 PSI - J. SCHOEN DESCRIPTION PAGE 4 PSI - J. Schoen 1 DEA Notice of Inspection of 124 5 Controlled Substances, 6 Bates-stamped PSI-0000077 7 PSI - J. Schoen 2 State of Ohio Board of 142 8 Pharmacy, Written Responses 9 for Prescription Supply, 10 Inc., Wholesaler/ 11 Manufacturer, Category 12 Three, Wholesale 13 Distributor Inspection, 14 October 25, 2017, 15 Bates-stamped PSI0000007 16 through 83 17 18 19 20 21 22 23 24</p>	<p style="text-align: right;">Page 8</p> <p>1 Prescription Supply. 2 MR. WHITESELL: Jeff 3 Whitesell of Tucker Ellis on behalf 4 of Johnson & Johnson and Janssen. 5 MS. OCHMAN: Patricia Ochman, 6 Jones Day, for Walmart. 7 MS. HELLER-TOIG: Elly 8 Heller-Toig for HBC Services 9 Company from Marcus & Shapira. 10 MS. YANG: Mary Yang with 11 Covington Burling for McKesson. 12 MR. ELKINS: A.J. Elkins, 13 McHugh Fuller Law Group, 14 Plaintiffs. 15 MR. CORNELL: Stephan 16 Cornell, Fox Rothschild, for 17 Prescription Supply. 18 MS. ZERRUSEN: Sandy Zerrusen 19 from Jackson Kelly for 20 AmerisourceBergen. 21 THE VIDEOGRAPHER: The court 22 reporter today is Carol Kirk and 23 will now swear in the witness. 24 ---</p>
<p style="text-align: right;">Page 7</p> <p>1 --- 2 PROCEEDINGS 3 --- 4 THE VIDEOGRAPHER: We are now 5 on the record. My name is Michael 6 Newell and I'm a videographer for 7 Golkow Litigation Services. 8 Today's date is 9 February 27th, 2019, and the time 10 is 12:59 p.m. 11 This video deposition is 12 being held in Perrysburg, Ohio, in 13 the Matter of National Prescription 14 Opiate Litigation for the Northern 15 District of Ohio, Eastern Division. 16 The deponent today is James 17 Schoen. 18 Will counsel please identify 19 themselves. 20 MR. REINS: Lance Reins with 21 McHugh Fuller Law Group on behalf 22 of the Plaintiff. 23 MR. CLARK: Jim Clark with 24 Fox Rothschild on behalf of</p>	<p style="text-align: right;">Page 9</p> <p>1 JAMES T. SCHOEN 2 being by me first duly sworn, as hereinafter 3 certified, deposes and says as follows: 4 EXAMINATION 5 BY MR. REINS: 6 Q. Good afternoon. 7 A. Hi. 8 Q. Could you please tell us your 9 name. 10 A. James T. Schoen. 11 Q. And have you been through a 12 deposition before? 13 A. Years ago with an auto accident. 14 I think I was maybe 18. 15 Q. Got it. The reason I ask is I'm 16 just going to go over some of the ground rules 17 for depositions. Your counsel has probably 18 advised you, but better safe than sorry. 19 So, obviously, I'm going to be 20 taking down -- I'm going to be asking the 21 questions here today. We have a court reporter 22 who types everything that we say. Because of 23 that, if you could please verbalize all your 24 answers, no huh-uhs, um-hmms, or head nods</p>


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<p>1 because those can't be taken down, okay?</p> <p>2 A. Okay.</p> <p>3 Q. If you do so, I may say "Is that a</p> <p>4 yes or is that a no," because I'm looking for a</p> <p>5 verbal response. All right?</p> <p>6 A. Okay.</p> <p>7 Q. Please let me finish my question</p> <p>8 before you begin answering. Let me add a caveat</p> <p>9 to that.</p> <p>10 Your counsel is going to object to</p> <p>11 some my questions. So after I finish my</p> <p>12 question, if you could just wait a moment, allow</p> <p>13 him to object, and then you can respond. That</p> <p>14 way we're not talking over one another, okay?</p> <p>15 A. Okay.</p> <p>16 Q. Lastly, if you answer my question,</p> <p>17 I'm going to assume that you are doing two</p> <p>18 things. One, you understand the question, and,</p> <p>19 two, most importantly, you're telling the truth;</p> <p>20 is that fair?</p> <p>21 A. Yes.</p> <p>22 Q. If you don't know something or you</p> <p>23 don't understand my question, just let me know</p> <p>24 and I'll rephrase.</p>	<p>1 Q. Do you know what year he started</p> <p>2 the company?</p> <p>3 A. 1955.</p> <p>4 Q. Your dad is now the president?</p> <p>5 A. Yes.</p> <p>6 Q. His name is?</p> <p>7 A. Thomas G. Schoen.</p> <p>8 Q. And he runs the company along with</p> <p>9 his sister?</p> <p>10 A. Yes.</p> <p>11 Q. And what's her name?</p> <p>12 A. Jacquelyn Harbauer.</p> <p>13 Q. Do you know what her position is?</p> <p>14 A. Secretary.</p> <p>15 Q. How long have you held the</p> <p>16 position as controlled substance manager?</p> <p>17 A. Around 20 years.</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>
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<p>1 A. Okay.</p> <p>2 Q. If you need a break for any</p> <p>3 reason, just let me know. It's not a marathon.</p> <p>4 We'll take a break when you need to, okay?</p> <p>5 A. Fine.</p> <p>6 Q. Can you please tell me what you do</p> <p>7 for a living.</p> <p>8 A. I work at Prescription Supply.</p> <p>9 I'm presently the controlled substance manager.</p> <p>10 Q. And what is Prescription Supply,</p> <p>11 Inc. in the business of doing?</p> <p>12 A. We're a pharmaceutical wholesaler.</p> <p>13 Q. And you distribute or provide</p> <p>14 medications to what type of customers?</p> <p>15 A. Mostly independent pharmacies,</p> <p>16 some doctors, and some outpatient pharmacies</p> <p>17 that are in hospitals.</p> <p>18 Q. And how long have you worked with</p> <p>19 the company?</p> <p>20 A. Since like 1986.</p> <p>21 Q. Was your grandfather the founder?</p> <p>22 A. Yes.</p> <p>23 Q. What was his name?</p> <p>24 A. Clarence J. Schoen.</p>	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10 Q. PSI deals in the business of</p> <p>11 distributing narcotics; is that correct?</p> <p>12 A. That's some of our business,</p> <p>13 correct.</p> <p>14 Q. Are you aware of the risks and</p> <p>15 dangers associated with narcotics in our</p> <p>16 society?</p> <p>17 MR. CLARK: Objection to</p> <p>18 form.</p> <p>19 A. Can you repeat?</p> <p>20 Q. Sure.</p> <p>21 Are you aware that there are</p> <p>22 certain narcotics that you're distributing that</p> <p>23 are highly addictive?</p> <p>24 MR. CLARK: Objection. Form.</p> <p>A. I've heard that.</p>

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<p style="text-align: right;">Page 14</p> <p>1 Q. What have you heard?</p> <p>2 MR. CLARK: Objection to</p> <p>3 form.</p> <p>4 A. That on some of the labels, it</p> <p>5 says they can be addictive.</p> <p>6 Q. Which ones?</p> <p>7 MR. CLARK: Objection to</p> <p>8 form.</p> <p>9 A. I think OxyContin was one and</p> <p>10 maybe hydrocodone.</p> <p>11 Q. And your company distributes both</p> <p>12 of those?</p> <p>13 MR. CLARK: Objection to</p> <p>14 form.</p> <p>15 A. Yes.</p> <p>16 </p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24 Q. Would you agree with me, though,</p>	<p style="text-align: right;">Page 16</p> <p>1 addictive nature of oxycodone?</p> <p>2 MR. CLARK: Objection to</p> <p>3 form.</p> <p>4 A. No.</p> <p>5 Q. Other than the news, have you</p> <p>6 educated yourself as to the risks and dangers of</p> <p>7 oxycodone?</p> <p>8 MR. CLARK: Objection to</p> <p>9 form.</p> <p>10 A. Have I --</p> <p>11 Q. Educated yourself on what the</p> <p>12 risks and/or dangers might be.</p> <p>13 MR. CLARK: Same objection.</p> <p>14 A. No.</p> <p>15 MR. REINS: Did you get the</p> <p>16 answer "I don't know"?</p> <p>17 THE COURT REPORTER: Yes.</p> <p>18 BY MR. REINS:</p> <p>19 Q. All right. Sir, based on the fact</p> <p>20 that your company does distribute narcotics</p> <p>21 which have been certified or identified by the</p> <p>22 government, are you aware that there's federal</p> <p>23 regulations governing the distribution of the</p> <p>24 products that you sell?</p>
<p style="text-align: right;">Page 15</p> <p>1 that we are in the middle of an opioid epidemic</p> <p>2 and/or crisis right now?</p> <p>3 MR. CLARK: Objection to</p> <p>4 form.</p> <p>5 A. I -- I see that in the news. I've</p> <p>6 never been affected, but I don't know anybody</p> <p>7 that has, you know, a problem with addiction.</p> <p>8 Q. I think -- is Candace your aunt?</p> <p>9 A. My cousin.</p> <p>10 Q. Cousin. I'm sorry. She said</p> <p>11 she's seen it on the news.</p> <p>12 Have you seen it on the news, that</p> <p>13 it's a problem?</p> <p>14 MR. CLARK: Objection to</p> <p>15 form.</p> <p>16 A. Have I seen -- yes, I've seen</p> <p>17 stuff on the news regarding opioids.</p> <p>18 Q. Have you ever attended any</p> <p>19 seminars, lectures, or meetings outside of your</p> <p>20 company regarding the addictive nature of</p> <p>21 oxycodone?</p> <p>22 A. No.</p> <p>23 Q. Have you ever read any of the</p> <p>24 congressional hearings or reports regarding the</p>	<p style="text-align: right;">Page 17</p> <p>1 A. Yes.</p> <p>2 Q. Okay. So, for instance, you're</p> <p>3 aware of the Controlled Substances Act, I would</p> <p>4 presume?</p> <p>5 A. I'm aware of it, yes.</p> <p>6 Q. Okay. Specifically --</p> <p>7 specifically, are you aware that distributors of</p> <p>8 controlled substances and Schedule I or II, the</p> <p>9 Attorney General shall register an applicant to</p> <p>10 distribute a controlled substance in Schedule I</p> <p>11 or II unless he determines that the issuance of</p> <p>12 such registration is inconsistent with the</p> <p>13 public interest.</p> <p>14 In determining the public</p> <p>15 interest, the following factors shall be</p> <p>16 considered: Maintenance of effective control</p> <p>17 against diversion of particular controlled</p> <p>18 substances into other than legitimate medical,</p> <p>19 scientific, and industrial channels.</p> <p>20 Do you agree that PSI has the duty</p> <p>21 to maintain effective controls against</p> <p>22 diversion?</p> <p>23 MR. CLARK: Objection. Form.</p> <p>24 A. No. The DEA issues us a license.</p>

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<p>1 Q. Yes, sir, and that's fair. But do</p> <p>2 you agree that your company is responsible for</p> <p>3 coming up with effective plans to prevent drug</p> <p>4 diversions of the products that you distribute?</p> <p>5 MR. CLARK: Objection to</p> <p>6 form.</p> <p>7 A. That's what the law is.</p> <p>8 Q. Yes, sir. And the law is also</p> <p>9 that any suspicious orders, pursuant to the</p> <p>10 federal regulations, include orders of unusual</p> <p>11 size, orders deviating substantially from a</p> <p>12 normal pattern, and orders of unusual frequency</p> <p>13 shall be reported, correct?</p> <p>14 MR. CLARK: Objection to</p> <p>15 form.</p> <p>16 A. That's what the law says.</p> <p>17 Q. Yes, sir. And I believe I asked</p> <p>18 your dad about this. This is going to be in his</p> <p>19 deposition when he was taken specifically as the</p> <p>20 30(b), which means a corporate representative of</p> <p>21 PSI speaking on behalf of the company.</p> <p>22 And this is going to be on page 59</p> <p>23 of that deposition, specifically line 11.</p> <p>24 Your father was asked, as the</p>	<p>1 when these were passed in 1970 and '71,</p> <p>2 respectively.</p> <p>3 MR. CLARK: Same objection.</p> <p>4 Q. Did your father testify honestly</p> <p>5 and truthfully?</p> <p>6 MR. CLARK: Objection to</p> <p>7 form. There's a question pending.</p> <p>8 I don't think he answered the prior</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>
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<p>1 president -- let me restate that -- as the 30(b)</p> <p>2 representative of PSI:</p> <p>3 "What is your understanding of the</p> <p>4 shipping requirement? And, quite honestly, it</p> <p>5 shouldn't be the shipping requirement. It</p> <p>6 should be the anti-shipping requirement, right?"</p> <p>7 "Answer: That's correct."</p> <p>8 "Okay. And is it your</p> <p>9 understanding that the shipping requirement</p> <p>10 means that if we have a suspicious order, we</p> <p>11 need not to ship it?"</p> <p>12 "Answer: Yes."</p> <p>13 "And that has been the obligation</p> <p>14 not just upon PSI, but all the distributors, to</p> <p>15 your understanding, since 1971 when this</p> <p>16 regulation was passed?"</p> <p>17 Answer on the next page at line 2,</p> <p>18 "Yes."</p> <p>19 You understand as -- you</p> <p>20 understand that that not only is the law but has</p> <p>21 been the law since 1971, correct?</p> <p>22 MR. CLARK: Objection to</p> <p>23 form.</p> <p>24 Q. And I can show you the regulations</p>	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>

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<p style="text-align: right;">Page 22</p> <p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 A. Okay. I go about that by -- a lot</p> <p>13 of things determine that. How many orders they</p> <p>14 do per day, how many scripts they fill. They</p> <p>15 fill out my questionnaire and I go off of that,</p> <p>16 okay?</p> <p>17 So I read the questionnaire, okay?</p> <p>18 And that's basically the basis point of how I</p> <p>19 determine what they -- you know, what they</p> <p>20 receive.</p> <p>21 Q. Okay.</p> <p>22 A. Okay. And I also, you know,</p> <p>23 check -- I can check the population around them,</p> <p>24 you know. They have to be a customer for a</p>	<p style="text-align: right;">Page 24</p> <p>1 dispensing more than a certain number of --</p> <p>2 phentermine is one of them, hydrocodone,</p> <p>3 oxycodone. Fentanyl is on there, prometh with</p> <p>4 codeine. Tramadol is on there. Carisoprodol is</p> <p>5 on there.</p> <p>6 Q. And you have them fill out this</p> <p>7 questionnaire when you first start doing</p> <p>8 business with them?</p> <p>9 A. It's before we do business -- when</p> <p>10 they fill out their application, that is filled</p> <p>11 out if they want -- if they expect to get</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 Q. Okay.</p> <p>15 A. So not everybody fills one out.</p> <p>16 In order to get controls, it must be filled out</p> <p>17 and completed.</p> <p>18 Q. Will the questionnaire also</p> <p>19 have -- will it ask them kind of their -- well,</p> <p>20 let me just ask it this way: You maintain all</p> <p>21 these questionnaires for your customers?</p> <p>22 MR. CLARK: Objection to</p> <p>23 form.</p> <p>24 Q. You keep them?</p>
<p style="text-align: right;">Page 23</p> <p>1 little while before they get controls.</p> <p>2 Q. All right. Take that one at a</p> <p>3 time, if you don't mind. Let's start with the</p> <p>4 questionnaire.</p> <p>5 Did you come up with the</p> <p>6 questionnaire?</p> <p>7 A. I helped.</p> <p>8 MR. CLARK: Objection to</p> <p>9 form.</p> <p>10 Go ahead.</p> <p>11 A. I helped with it, yes.</p> <p>12 Q. Okay. And this questionnaire is</p> <p>13 going to be asking what types of questions?</p> <p>14 A. It asks pharmacy information, if</p> <p>15 they're affiliated with any other pharmacies,</p> <p>16 how long they've been in business, what are</p> <p>17 their store hours and what days are they open a</p> <p>18 week, what is the percentage of controls to</p> <p>19 non-controls they plan on purchasing, also what</p> <p>20 they dispense, the amount of cash for controlled</p> <p>21 substance prescriptions compared to credit</p> <p>22 cards, insurance, Medicaid.</p> <p>23 It asks certain questions about</p> <p>24 certain items, all right? If they plan on</p>	<p style="text-align: right;">Page 25</p> <p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>





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<div>1 [REDACTED]</div> <div>2 [REDACTED]</div> <div>3 [REDACTED]</div> <div>4 [REDACTED]</div> <div>5 [REDACTED]</div> <div>6 [REDACTED]</div> <div>7 [REDACTED]</div> <div>8 [REDACTED]</div> <div>9 [REDACTED]</div> <div>10 [REDACTED]</div> <div>11 [REDACTED]</div> <div>12 [REDACTED]</div> <div>13 [REDACTED]</div> <div>14 [REDACTED]</div> <div>15 [REDACTED]</div> <div>16 [REDACTED]</div> <div>17 [REDACTED]</div> <div>18 [REDACTED]</div> <div>19 [REDACTED]</div> <div>20 [REDACTED]</div> <div>21 [REDACTED]</div> <div>22 [REDACTED]</div> <div>23 [REDACTED]</div> <div>24 [REDACTED]</div>	<div>1 MR. CLARK: Same objection.</div> <div>2 A. Because they have to be prescribed</div> <div>3 for a legitimate purpose and it's -- you know.</div> <div>4 Q. Let me show you what -- your</div> <div>5 father's words. This is going to be on page 28</div> <div>6 of his deposition as a 30(b) rep, line 4.</div> <div>7 "Tell us, tell the jury why we</div> <div>8 want to prevent diversion of controlled</div> <div>9 substances."</div> <div>10 "Well, as it states, we -- it can</div> <div>11 be dangerous. People can die. People can have</div> <div>12 bad effects and they can be abused. None of</div> <div>13 that is something that we want to happen. We</div> <div>14 want the good effects, not the bad effects."</div> <div>15 Do you agree?</div> <div>16 MR. CLARK: Objection to</div> <div>17 form.</div> <div>18 A. I agree that's his opinion.</div> <div>19 Q. Not yours?</div> <div>20 MR. CLARK: Same objection.</div> <div>21 A. I agree it could be dangerous,</div> <div>22 yes.</div> <div>23 Q. People can die, right?</div> <div>24 MR. CLARK: Same objection.</div>

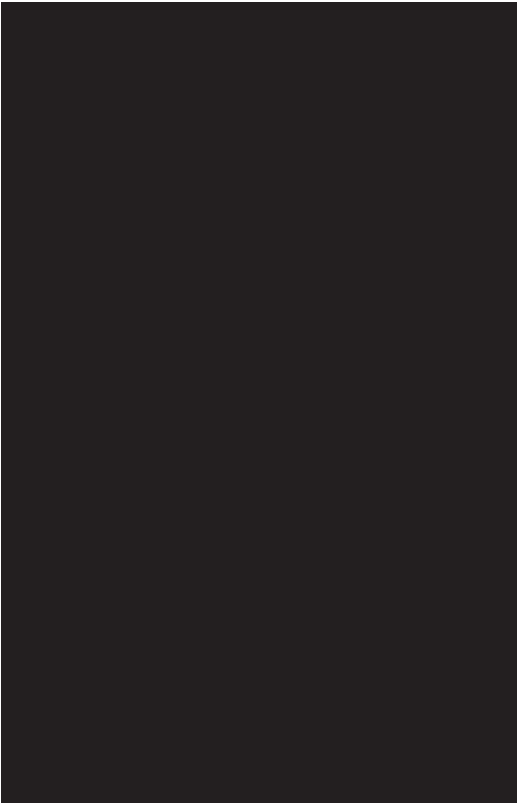

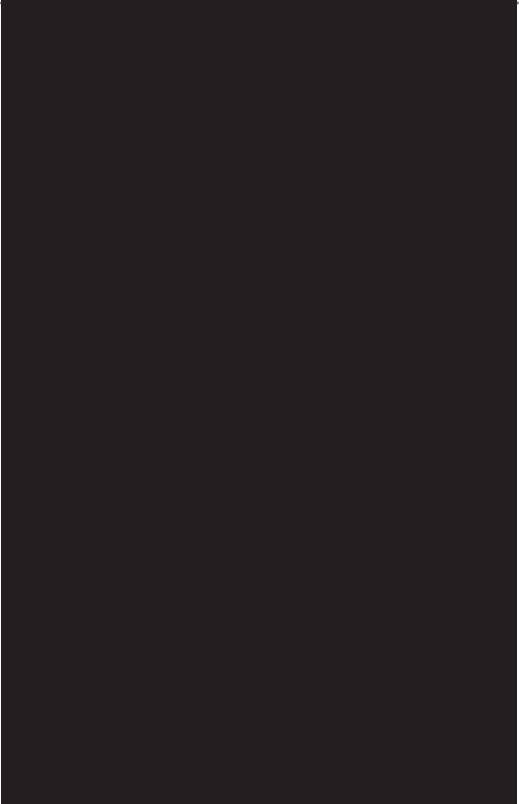

8 (Pages 26 to 29)

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<p style="text-align: right;">Page 30</p> <p>1 A. It's a possibility.</p> <p>2 </p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19 Q. But you do know that the law puts</p> <p>20 the duty on your shoulders as the distributor to</p> <p>21 ensure that there aren't unusual amounts or</p> <p>22 frequency of amounts into society, right?</p> <p>23 MR. CLARK: Objection to</p> <p>24 form.</p>	<p style="text-align: right;">Page 32</p> <p>1 </p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>
<p style="text-align: right;">Page 31</p> <p>1 A. That's what the law says, yes.</p> <p>2 Q. And you're required to abide by</p> <p>3 the law, right?</p> <p>4 MR. CLARK: Objection to</p> <p>5 form.</p> <p>6 A. Yes.</p> <p>7 </p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p>1 </p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>

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<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 form.</p> <p>6 A. There could be many things. A</p> <p>7 pharmacy in the area could have closed.</p> <p>8 Q. Okay.</p> <p>9 A. There may be new doctors in that</p> <p>10 particular area. Population growth. Maybe</p> <p>11 they're getting more patients now.</p> <p>12 There's a lot of reasons that come</p> <p>13 into play that --</p> <p>14 Q. Any others that you can think of?</p> <p>15 And I know you're not doing an exhaustive list,</p> <p>16 but any others you can think of?</p> <p>17 MR. CLARK: Objection to</p> <p>18 form.</p> <p>19 A. Sometimes the pharmacy will call</p> <p>20 and let me know that if a pharmacist is going to</p> <p>21 be off, okay, if the main pharmacist or the</p> <p>22 pharmacist in charge is going to be off and</p> <p>23 somebody else is there who has not the</p> <p>24 capability to buy -- purchase controls, they'll</p> <p>ask me, okay, if I can raise it for them for</p>	<p>1 Q. Fair enough.</p> <p>2 So I do want to talk to you a</p> <p>3 little bit about kind of some of the things that</p> <p>4 are brought up in this letter, see if these are</p> <p>5 concepts that you recall. So we'll talk about</p> <p>6 the first paragraph, if you don't mind.</p> <p>7 It says, "This letter is being</p> <p>8 sent to every commercial entity in the</p> <p>9 United States registered with the Drug</p> <p>10 Enforcement Administration to distribute</p> <p>11 controlled substances."</p> <p>12 That would certainly be PSI,</p> <p>13 correct?</p> <p>14 A. Yes.</p> <p>15 Q. "The purpose of this letter is to</p> <p>16 reiterate the responsibilities of controlled</p> <p>17 substance distributors in view of the</p> <p>18 prescription drug abuse problem our nation</p> <p>19 currently faces."</p> <p>20 Under "Background," it says, "As</p> <p>21 each of you is undoubtedly aware, the abuse,</p> <p>22 non-medical use, of controlled prescription</p> <p>23 drugs is a serious and growing health problem in</p> <p>24 this country. DEA has an obligation to combat</p>

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<p>1 this problem as one of the agency's core</p> <p>2 functions is to prevent the diversion of</p> <p>3 controlled substances into illicit channels."</p> <p>4 You're aware that that's one of</p> <p>5 their duties and responsibilities, the DEA?</p> <p>6 A. Yes.</p> <p>7 Q. "Congress assigned DEA to carry</p> <p>8 out this function through enforcement of the</p> <p>9 Controlled Substance Act and DEA regulations</p> <p>10 that implement the Act."</p> <p>11 Specifically, on the second page,</p> <p>12 middle part there, I want to talk to you about</p> <p>13 where it says, "The DEA regulations require all</p> <p>14 distributors to report suspicious orders of</p> <p>15 controlled substances." Specifically, the</p> <p>16 regulations state in 21 C.F.R. 1301.74(b), "The</p> <p>17 registrant shall design and operate a system to</p> <p>18 disclose to the registrant suspicious orders of</p> <p>19 controlled substances. The registrant shall</p> <p>20 inform the Field Division Office of the</p> <p>21 Administration in this area of suspicious orders</p> <p>22 when discovered by the registrant. Suspicious</p> <p>23 orders include orders of unusual size, orders</p> <p>24 deviating substantially from a normal pattern,</p>	<p>1 A. That wouldn't meet -- if there was</p> <p>2 a suspicious order, I would have sent them</p> <p>3 information separate from this.</p> <p>4 Q. Separate from that?</p> <p>5 A. That's right, yes. That's</p> <p>6 correct.</p> <p>7 Q. We'll talk about the report</p> <p>8 specifically, but why don't you tell me what</p> <p>9 type of information you would send to the DEA</p> <p>10 before 2008, when you initiated the --</p> <p>11 specifically, the threshold system.</p> <p>12 MR. CLARK: Objection to</p> <p>13 form.</p> <p>14 Q. What did you send?</p> <p>15 A. Okay. Can you repeat that?</p> <p>16 Q. Sure. Yeah. Your -- Kirk, do you</p> <p>17 know who Kirk is?</p> <p>18 A. Yes, I do.</p> <p>19 Q. He testified here today he was the</p> <p>20 IT guy and he would do these reports pursuant to</p> <p>21 these rules and submit those reports every</p> <p>22 month.</p> <p>23 A. Yes.</p> <p>24 Q. Okay. As part of the suspicious</p>
Page 43	Page 45
<p>1 and orders of unusual frequency."</p> <p>2 Are you aware that your company,</p> <p>3 PSI, specifically submitted reports in writing</p> <p>4 every month from approximately 1997 to 2013?</p> <p>5 MR. CLARK: Objection to</p> <p>6 form.</p> <p>7 A. There was a variance report, yes.</p> <p>8 I did look at that too.</p> <p>9 Q. Okay. And you're aware that the</p> <p>10 law requires a suspicious order report be</p> <p>11 submitted?</p> <p>12 A. Yes.</p> <p>13 MR. CLARK: Objection. Form.</p> <p>14 Q. And that qualified, pursuant to</p> <p>15 PSI, as meeting your responsibilities under the</p> <p>16 federal law, specifically the one that you're</p> <p>17 looking at right here in that regard; fair to</p> <p>18 say?</p> <p>19 MR. CLARK: Objection to</p> <p>20 form.</p> <p>21 A. No, I don't agree with that. That</p> <p>22 didn't meet suspicious order monitoring.</p> <p>23 Q. Okay. You had a different</p> <p>24 monitoring system?</p>	<p>1 order monitoring requirement under the federal</p> <p>2 regulations, but you're saying no --</p> <p>3 MR. CLARK: Objection to</p> <p>4 form. Misstates prior testimony.</p> <p>5 Q. You're saying no, he wasn't doing</p> <p>6 it pursuant to the regulations; is that right?</p> <p>7 MR. CLARK: Same objection.</p> <p>8 A. No. No. These were sent, but</p> <p>9 this didn't -- just because this was sent</p> <p>10 doesn't constitute those as suspicious orders.</p> <p>11 There could have been a suspicious order that</p> <p>12 wouldn't show up on that report.</p> <p>13 Q. That wouldn't have shown up?</p> <p>14 A. Yeah. It's possible, yes.</p> <p>15 Q. For example?</p> <p>16 MR. CLARK: Objection to</p> <p>17 form.</p> <p>18 A. I -- I -- I never had one, but,</p> <p>19 you know, it would be possible. This report was</p> <p>20 a variance report which just said, you know, if</p> <p>21 somebody bought more than what the average was</p> <p>22 we sold per month.</p> <p>23 Q. All right. So you did not -- your</p> <p>24 testimony here today is that report was not in</p>

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<p style="text-align: right;">Page 46</p> <p>1 fulfillment of the duties and responsibilities 2 of the Code of Federal Regulations, correct? 3 MR. CLARK: Objection to 4 form. 5 A. I can't answer that. I don't 6 know -- I mean, it requires more than that. 7 MR. CLARK: Objection. Calls 8 for legal conclusion. 9 Q. You said, "We sent" -- "I sent 10 other reports." What other reports did you 11 send? 12 MR. CLARK: Objection. 13 Misstates his testimony. 14 A. Yeah. I didn't say I sent 15 reports. 16 Q. All right. What did your company 17 do, PSI, in regards to -- well, first of all, 18 let's get on the same page. What's a suspicious 19 order? How do you define a suspicious order? 20 A. How do I define -- a suspicious 21 order to me is if I contact the customer after 22 an order goes on hold that I'm curious about, an 23 order of interest, and I don't get an answer 24 that I believe I can be comfortable with, then</p>	<p style="text-align: right;">Page 48</p> <p>1  2 3 4 5 6 7 8 9 10 11 12 13 Q. Yeah, what defines as a -- well, 14 let me say this: Can you and I agree that the 15 law defines what a suspicious order is, right? 16 MR. CLARK: Objection to 17 form. 18 A. That's what the law is, yes. 19 Q. Unusual size, orders deviating 20 substantially from a normal pattern, an order of 21 unusual frequency. That is a suspicious order, 22 correct? 23 MR. CLARK: Objection to 24 form.</p>
<p style="text-align: right;">Page 47</p> <p>1 that is a suspicious order. 2  3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24</p>	<p style="text-align: right;">Page 49</p> <p>1 A. According to the law, correct. 2 Q. According to the law? 3 A. Yes. 4 Q. Do you have a different 5 understanding in PSI? 6 A. No. I go -- do I have a different 7 understanding? No. 8  9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24</p>





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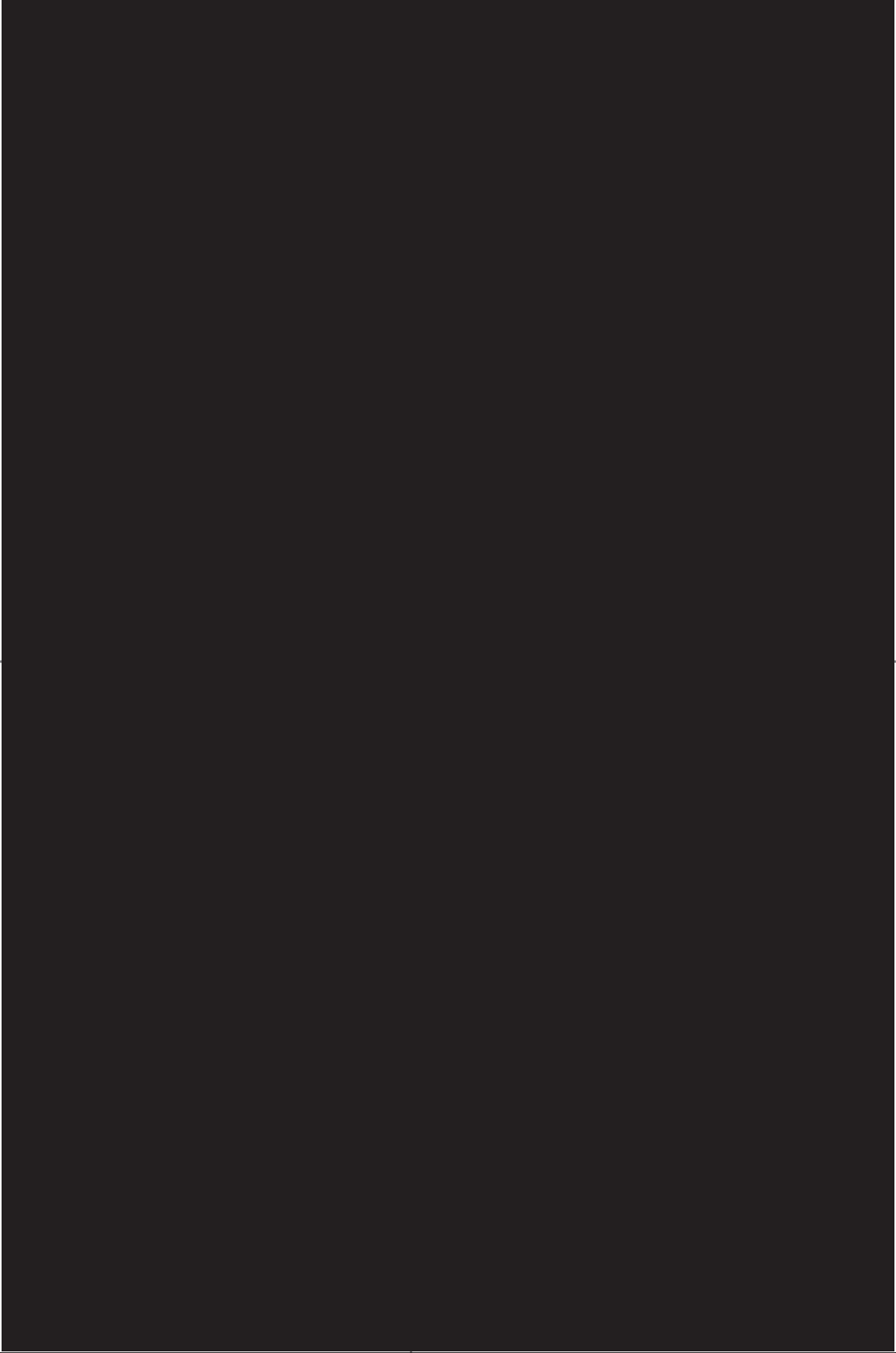
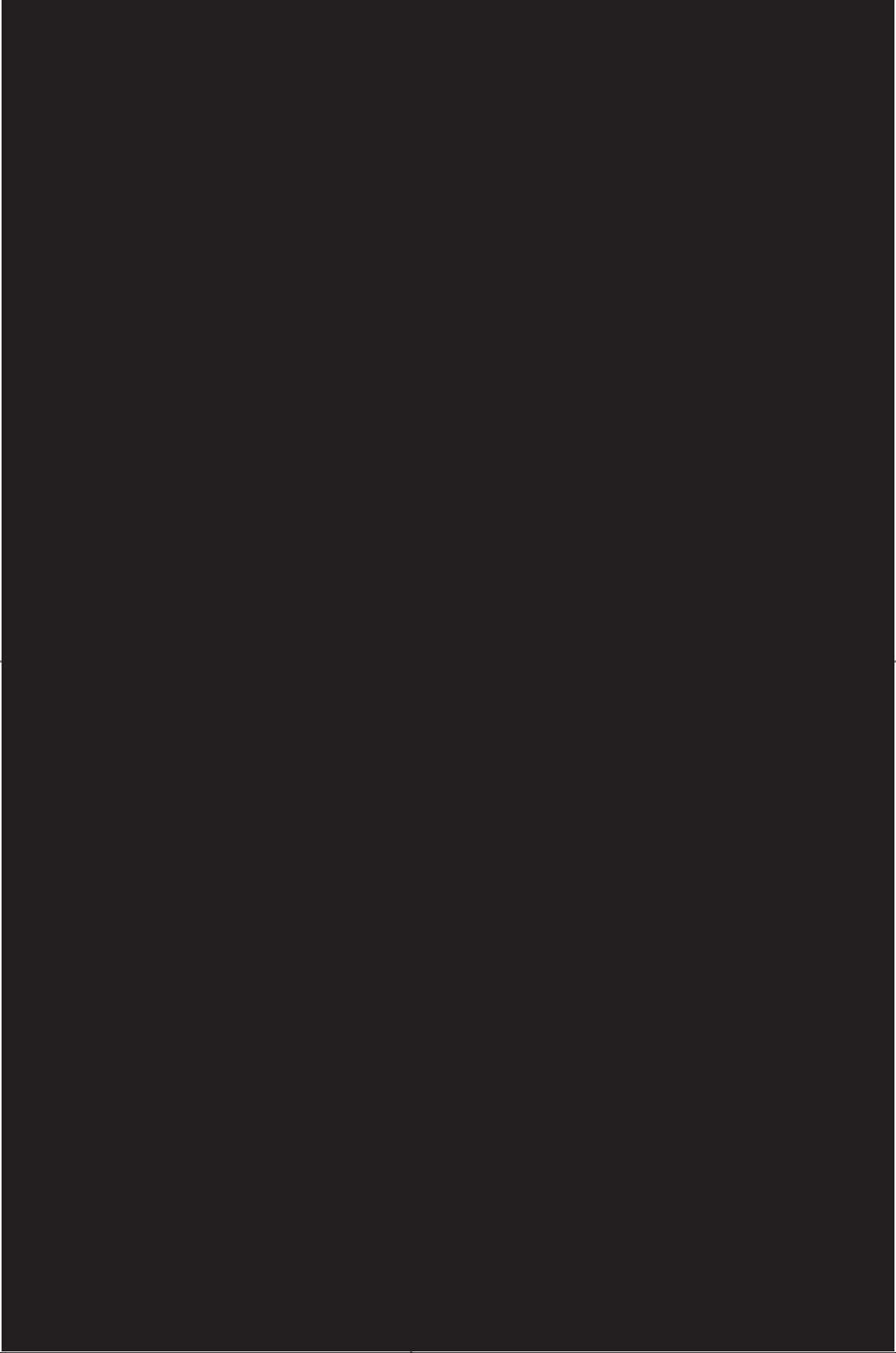
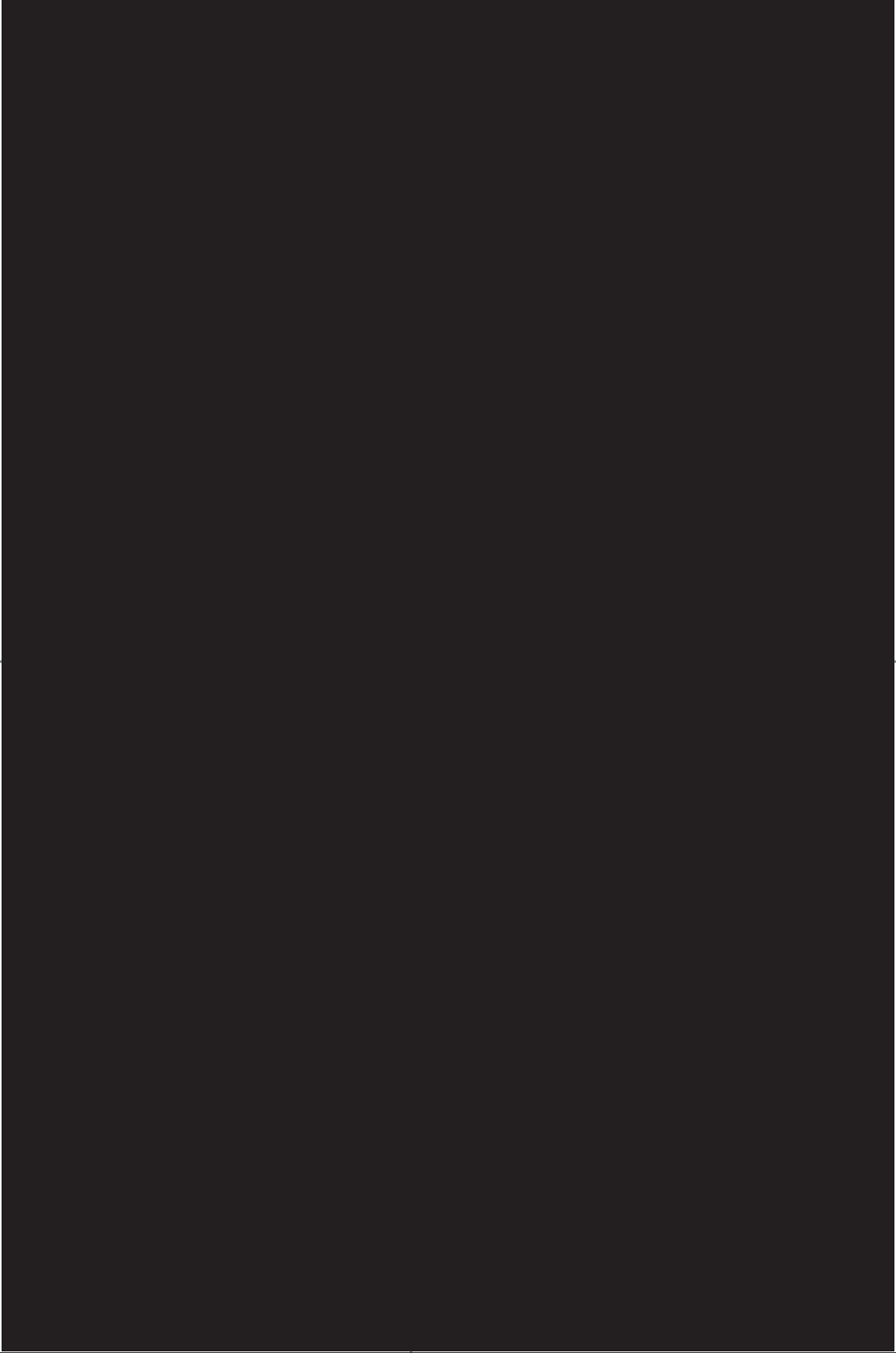
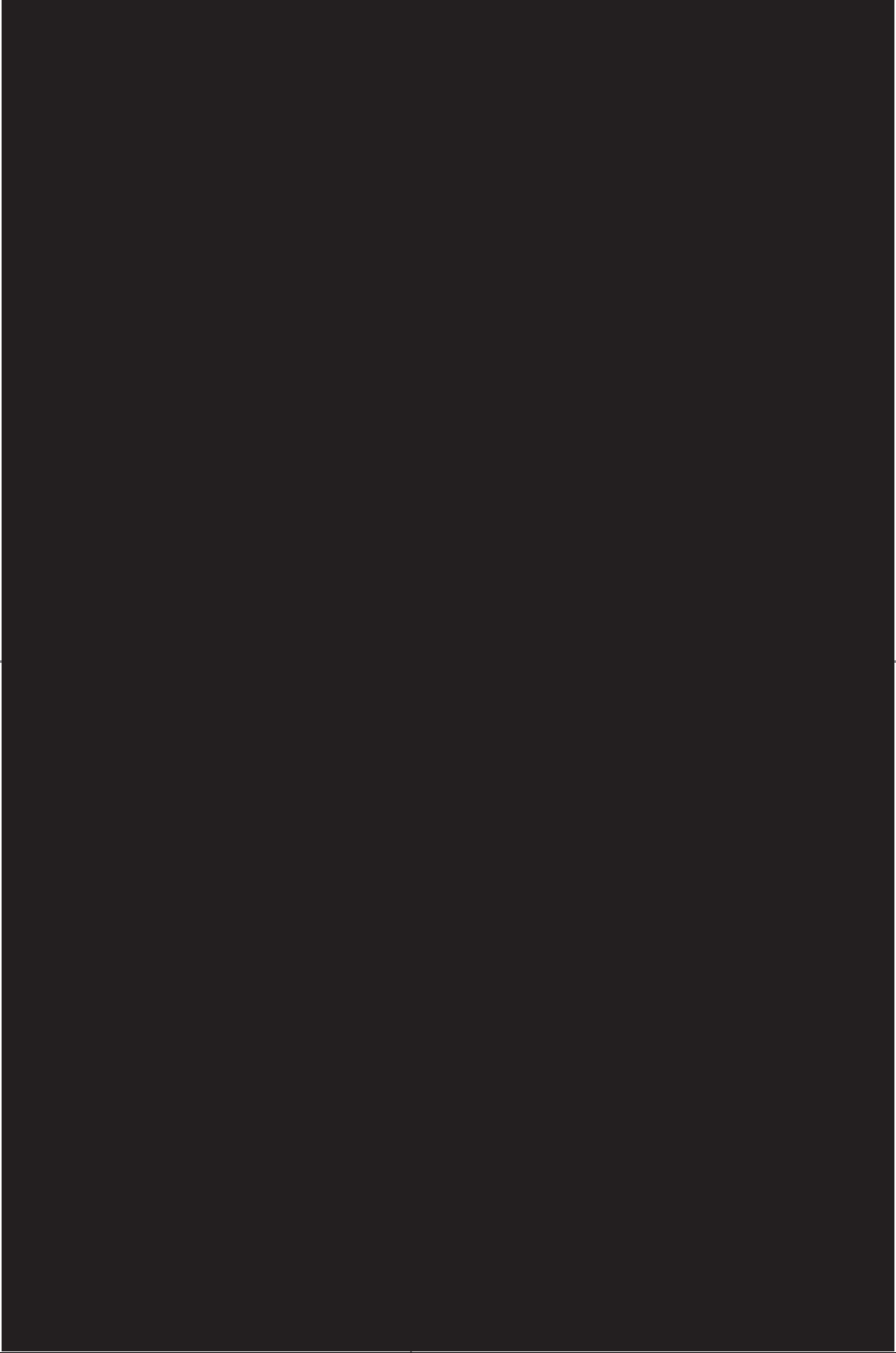
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Page 63	
<div>1 Q. That's okay. I'll ask it</div> <div>2 differently.</div> <div>3 Look at page 3, if you don't mind,</div> <div>4 on the DEA letter.</div> <div>5 A. Okay.</div> <div>6 [REDACTED]</div> <div>7 [REDACTED]</div> <div>8 [REDACTED]</div> <div>9 [REDACTED]</div> <div>10 [REDACTED]</div> <div>11 [REDACTED]</div> <div>12 [REDACTED]</div> <div>13 [REDACTED]</div> <div>14 [REDACTED]</div> <div>15 [REDACTED]</div> <div>16 [REDACTED]</div> <div>17 [REDACTED]</div> <div>18 [REDACTED]</div> <div>19 [REDACTED]</div> <div>20 [REDACTED]</div> <div>21 [REDACTED]</div> <div>22 [REDACTED]</div> <div>23 [REDACTED]</div> <div>24 [REDACTED]</div>	<div>1 [REDACTED]</div> <div>2 [REDACTED]</div> <div>3 [REDACTED]</div> <div>4 [REDACTED]</div> <div>5 [REDACTED]</div> <div>6 [REDACTED]</div> <div>7 [REDACTED]</div> <div>8 [REDACTED]</div> <div>9 [REDACTED]</div> <div>10 [REDACTED]</div> <div>11 [REDACTED]</div> <div>12 [REDACTED]</div> <div>13 [REDACTED]</div> <div>14 [REDACTED]</div> <div>15 [REDACTED]</div> <div>16 [REDACTED]</div> <div>17 [REDACTED]</div> <div>18 [REDACTED]</div> <div>19 [REDACTED]</div> <div>20 [REDACTED]</div> <div>21 [REDACTED]</div> <div>22 [REDACTED]</div> <div>23 [REDACTED]</div> <div>24 [REDACTED]</div>

17 (Pages 62 to 65)

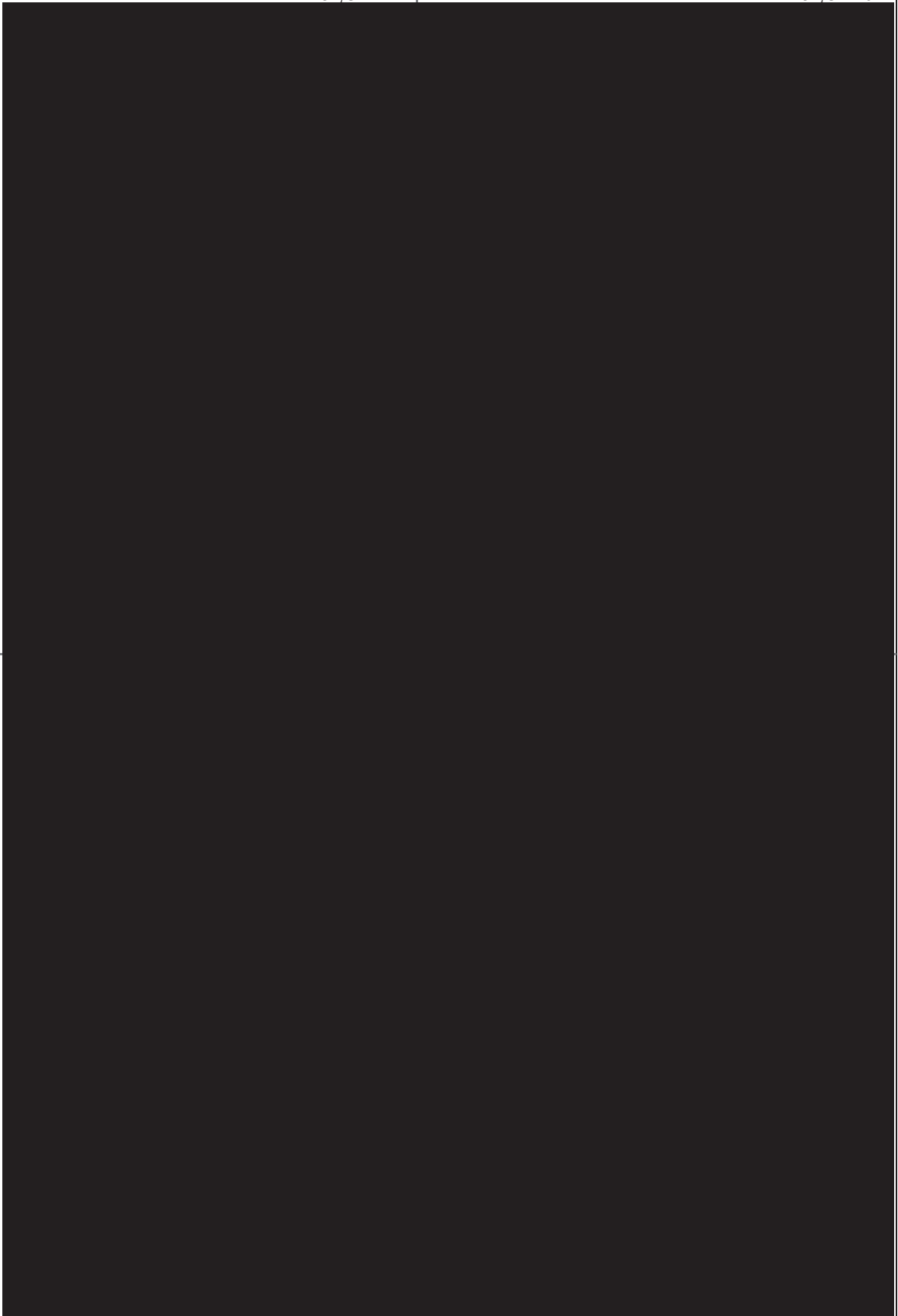
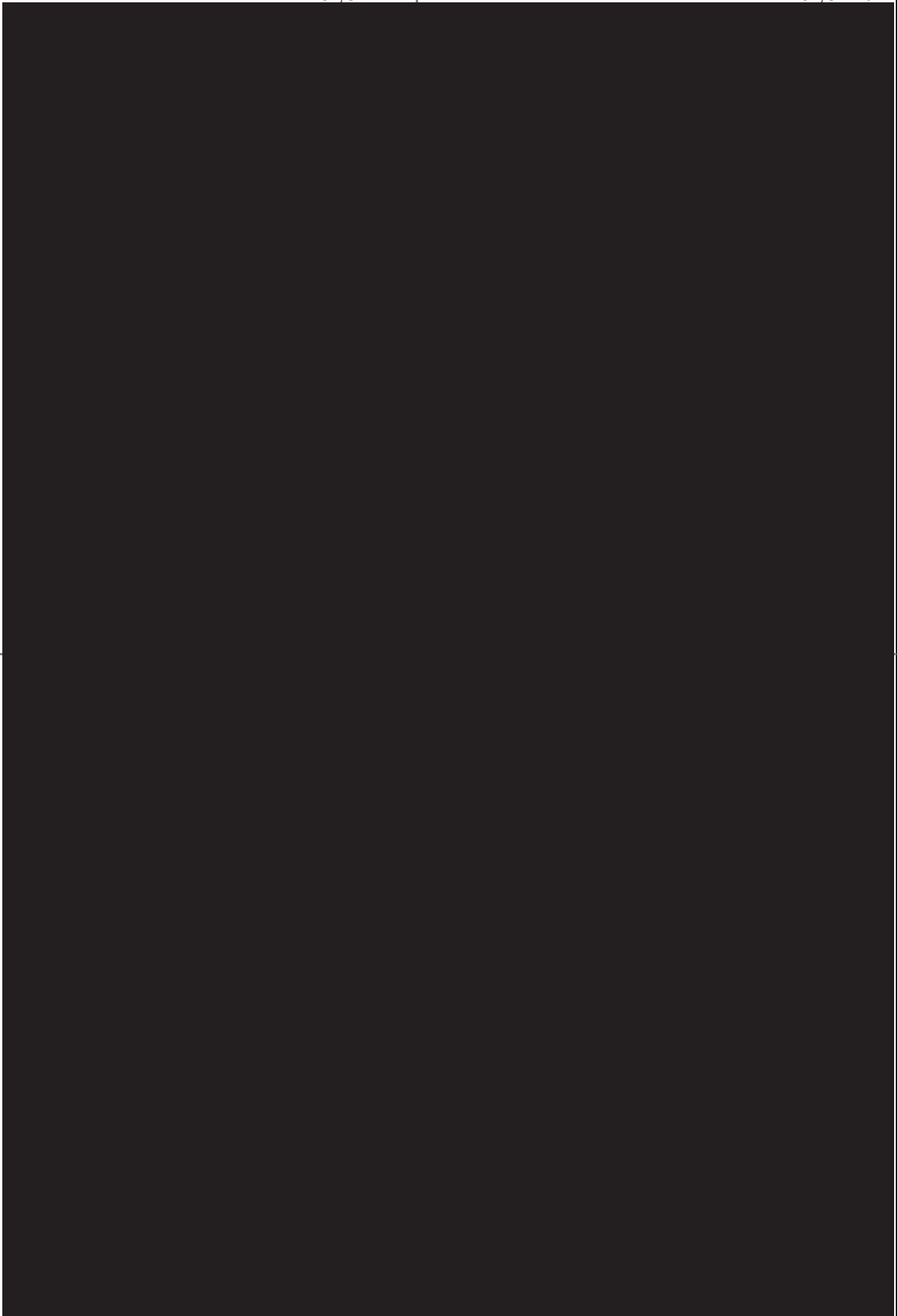
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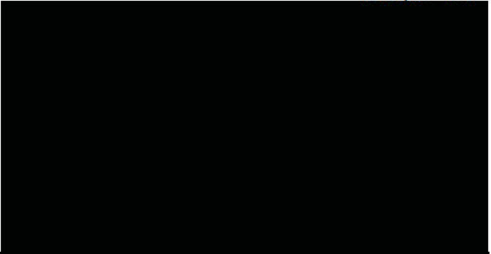
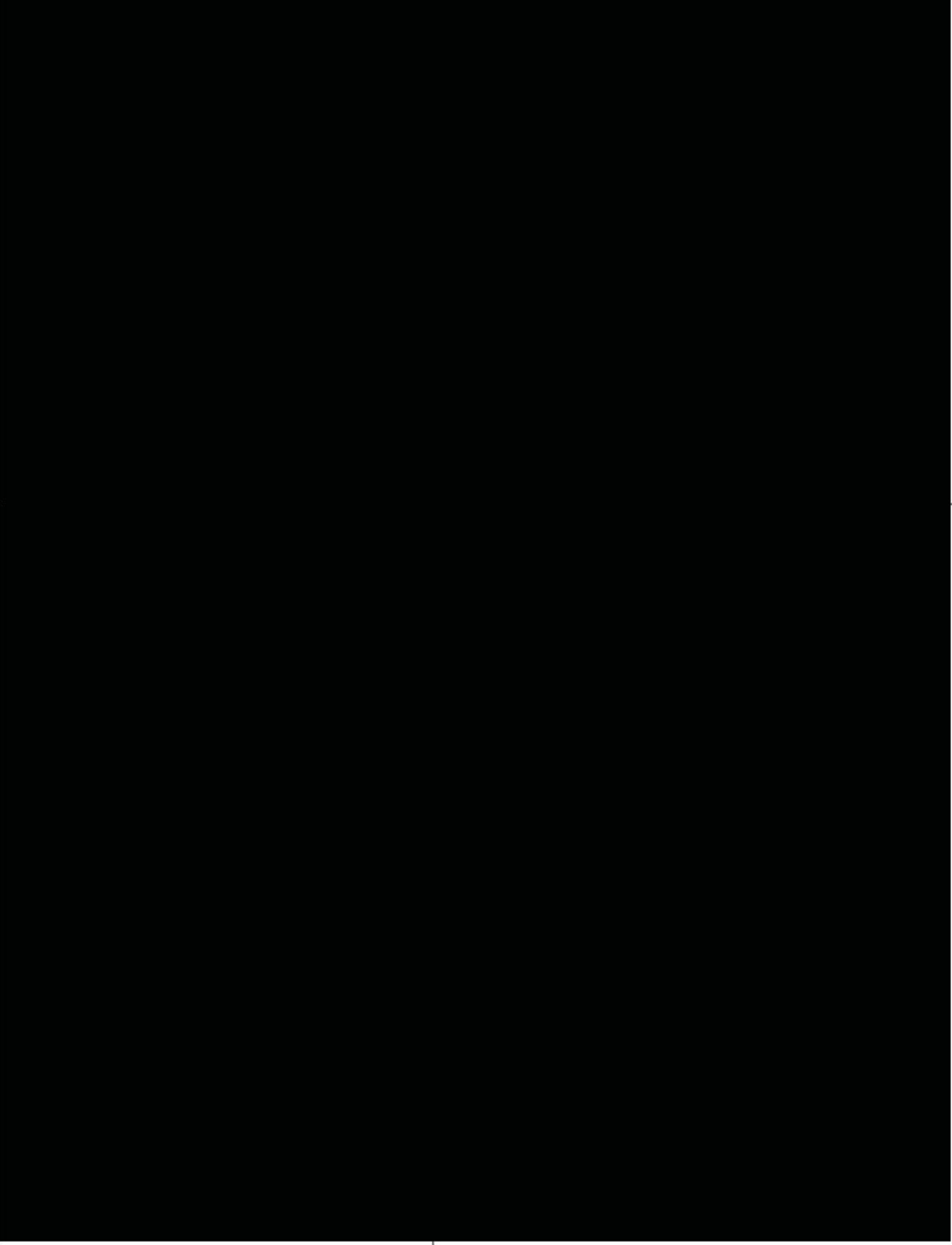
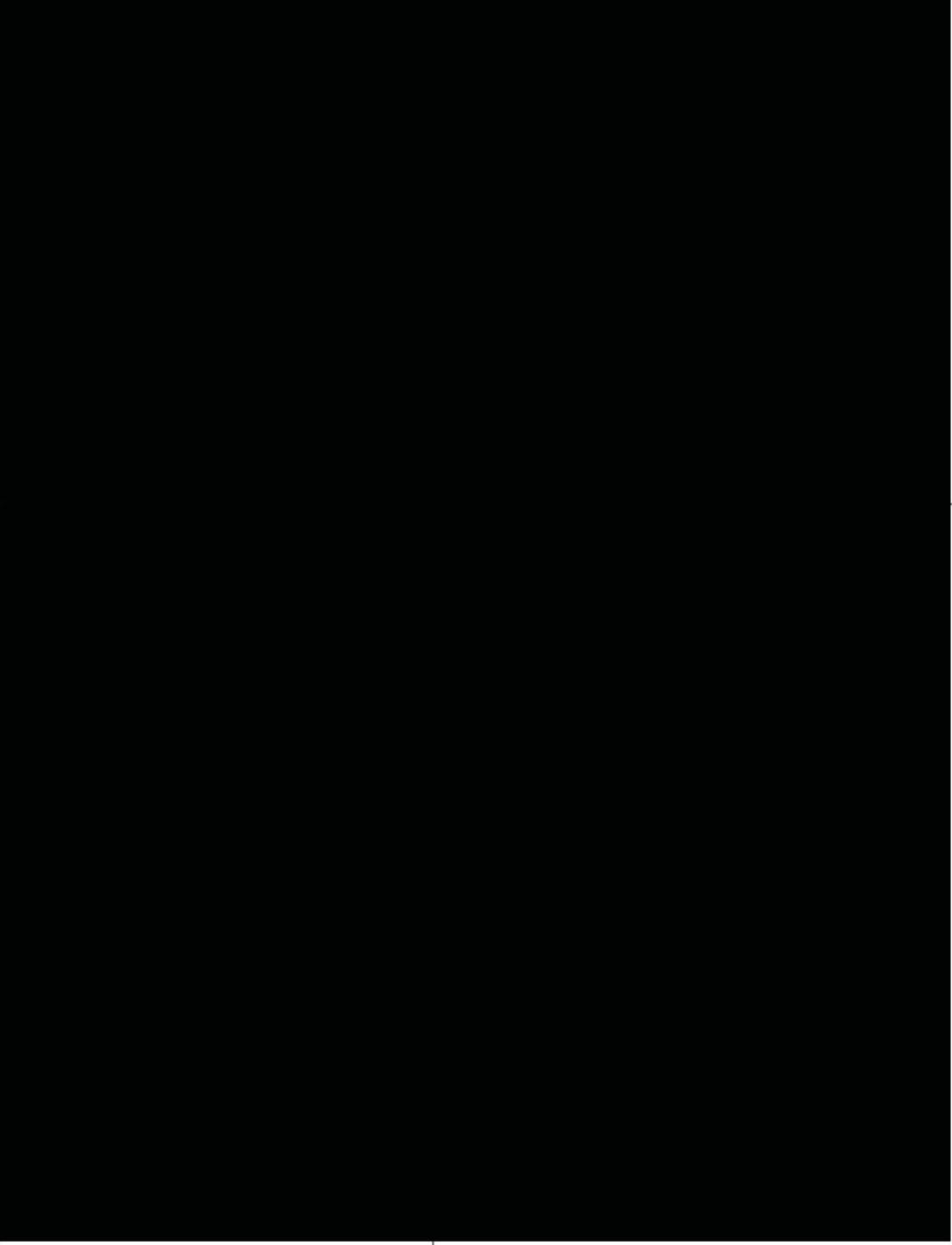
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	Page 81
<div>1 [REDACTED]</div> <div>2 [REDACTED]</div> <div>3 [REDACTED]</div> <div>4 [REDACTED]</div> <div>5 [REDACTED]</div> <div>6 [REDACTED]</div> <div>7 [REDACTED]</div> <div>8 [REDACTED]</div> <div>9 [REDACTED]</div> <div>10 [REDACTED]</div> <div>11 [REDACTED]</div> <div>12 [REDACTED]</div> <div>13 [REDACTED]</div> <div>14 [REDACTED]</div> <div>15 [REDACTED]</div> <div>16 [REDACTED]</div> <div>17 [REDACTED]</div> <div>18 [REDACTED]</div> <div>19 [REDACTED]</div> <div>20 [REDACTED]</div> <div>21 [REDACTED]</div> <div>22 [REDACTED]</div> <div>23 [REDACTED]</div> <div>24 [REDACTED]</div>	<div>1 A. Yes.</div> <div>2 Q. Based on the things you've already</div> <div>3 talked to us about?</div> <div>4 MR. CLARK: Same objection.</div> <div>5 Q. The criteria you said?</div> <div>6 A. And my experience.</div> <div>7 Q. Yeah.</div> <div>8 I'm going to now show you a chart,</div> <div>9 and this is a summary which we have created from</div> <div>10 PSI600, which is transactional data that PSI has</div> <div>11 produced to us. So we're going to look at that</div> <div>12 real quick.</div> <div>13 MR. REINS: I have an extra</div> <div>14 copy for you, but I'm going to have</div> <div>15 to use it from the last deposition,</div> <div>16 which I believe it was Number 6.</div> <div>17 So the witness can have one.</div> <div>18 BY MR. REINS:</div> <div>19 Q. All right. So I tell you where it</div> <div>20 comes from so that you understand where it comes</div> <div>21 from, okay? So what we've done is we've</div> <div>22 isolated some transactions in certain periods of</div> <div>23 time. And if you zoom in to the top left there</div> <div>24 column, there's a pharmacy.</div>



21 (Pages 78 to 81)

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1	Are you familiar with this	1	
2	pharmacy?	2	
3	A. Yes.	3	
4	Q. And you can see the screen in	4	
5	front of you it may be helpful because this is	5	
6	small.	6	
7	A. Yes.	7	
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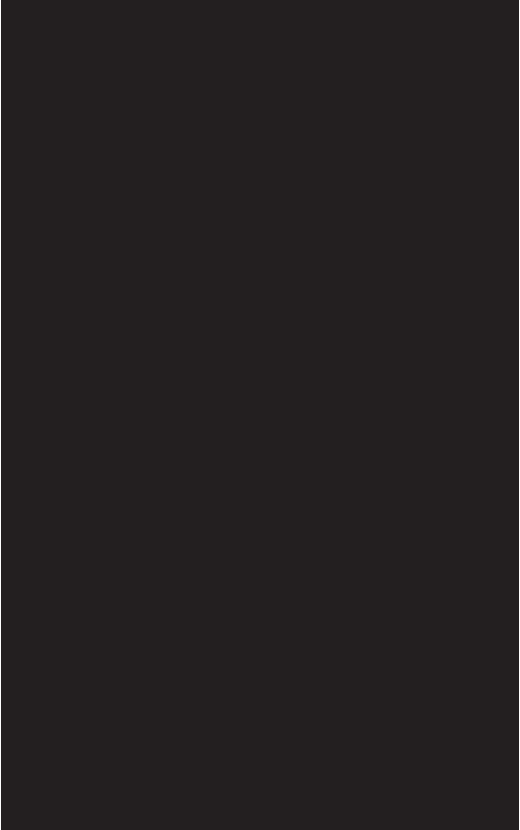

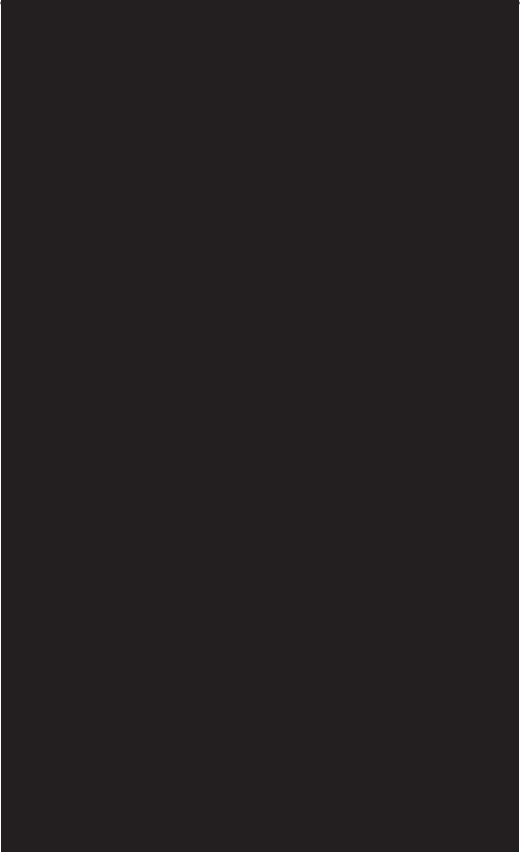

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<p style="text-align: right;">Page 102</p> <p>1 [REDACTED] 2 [REDACTED] 3 [REDACTED] 4 [REDACTED] 5 [REDACTED] 6 [REDACTED] 7 [REDACTED] 8 [REDACTED] 9 [REDACTED] 10 [REDACTED] 11 [REDACTED] 12 [REDACTED] 13 [REDACTED] 14 [REDACTED] 15 [REDACTED] 16 [REDACTED] 17 [REDACTED] 18 [REDACTED] 19 [REDACTED] 20 [REDACTED] 21 [REDACTED] 22 [REDACTED] 23 [REDACTED] 24 [REDACTED]</p>	<p style="text-align: right;">Page 104</p> <p>1 Well, before we do that, you 2 understand we talked in the very beginning of 3 this deposition about you don't want to ship a 4 suspicious order. 5 [REDACTED] 6 [REDACTED] 7 [REDACTED] 8 [REDACTED] 9 [REDACTED] 10 [REDACTED] 11 [REDACTED] 12 [REDACTED] 13 [REDACTED] 14 [REDACTED] 15 Q. Let me -- 16 MR. CLARK: Were you done 17 answering? 18 MR. REINS: I think he was 19 done. 20 THE WITNESS: Yes. 21 BY MR. REINS 22 Q. Let's look at this one, and this 23 may be what you're talking about. Again, I'm 24 not here to trick you or anything.</p>
<p>1 [REDACTED] 2 [REDACTED] 3 [REDACTED] 4 [REDACTED] 5 [REDACTED] 6 [REDACTED] 7 [REDACTED] 8 [REDACTED] 9 [REDACTED] 10 [REDACTED] 11 [REDACTED] 12 [REDACTED] 13 [REDACTED] 14 [REDACTED] 15 [REDACTED] 16 [REDACTED] 17 [REDACTED] 18 [REDACTED] 19 Q. Okay. 20 A. I know I went to the store to talk 21 to him, spoke to him on the phone a few times. 22 Q. All right. Moving along. Let's 23 go back to the policy dealing with inventory 24 controls.</p>	<p style="text-align: right;">Page 105</p> <p>1 [REDACTED] 2 [REDACTED] 3 [REDACTED] 4 [REDACTED] 5 [REDACTED] 6 [REDACTED] 7 [REDACTED] 8 [REDACTED] 9 [REDACTED] 10 [REDACTED] 11 [REDACTED] 12 [REDACTED] 13 [REDACTED] 14 [REDACTED] 15 [REDACTED] 16 [REDACTED] 17 [REDACTED] 18 [REDACTED] 19 [REDACTED] 20 [REDACTED] 21 [REDACTED] 22 [REDACTED] 23 [REDACTED] 24 [REDACTED]</p>





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<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 Q. All right. Sitting here today,</p> <p>6 can you testify under oath that you recall how</p> <p>7 many times you refused to raise a threshold</p> <p>8 since 2008?</p> <p>9 MR. CLARK: Objection to</p> <p>10 form.</p> <p>11 Q. If you know.</p> <p>12 A. I have no idea.</p> <p>13 Q. Got it.</p> <p>14 Can you tell me -- now, let's say</p> <p>15 you do that analysis, okay, and then you go --</p> <p>16 well, let's just say this: You do that</p> <p>17 analysis. When if ever -- because after 2013</p> <p>18 you all stopped sending those forms monthly.</p> <p>19 So when, if ever, after 2013, when</p> <p>20 those forms stopped, would you report a</p> <p>21 quote/unquote "suspicious order"? Since then,</p> <p>22 how many times?</p> <p>23 MR. CLARK: Objection to</p> <p>24 form.</p>	<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>

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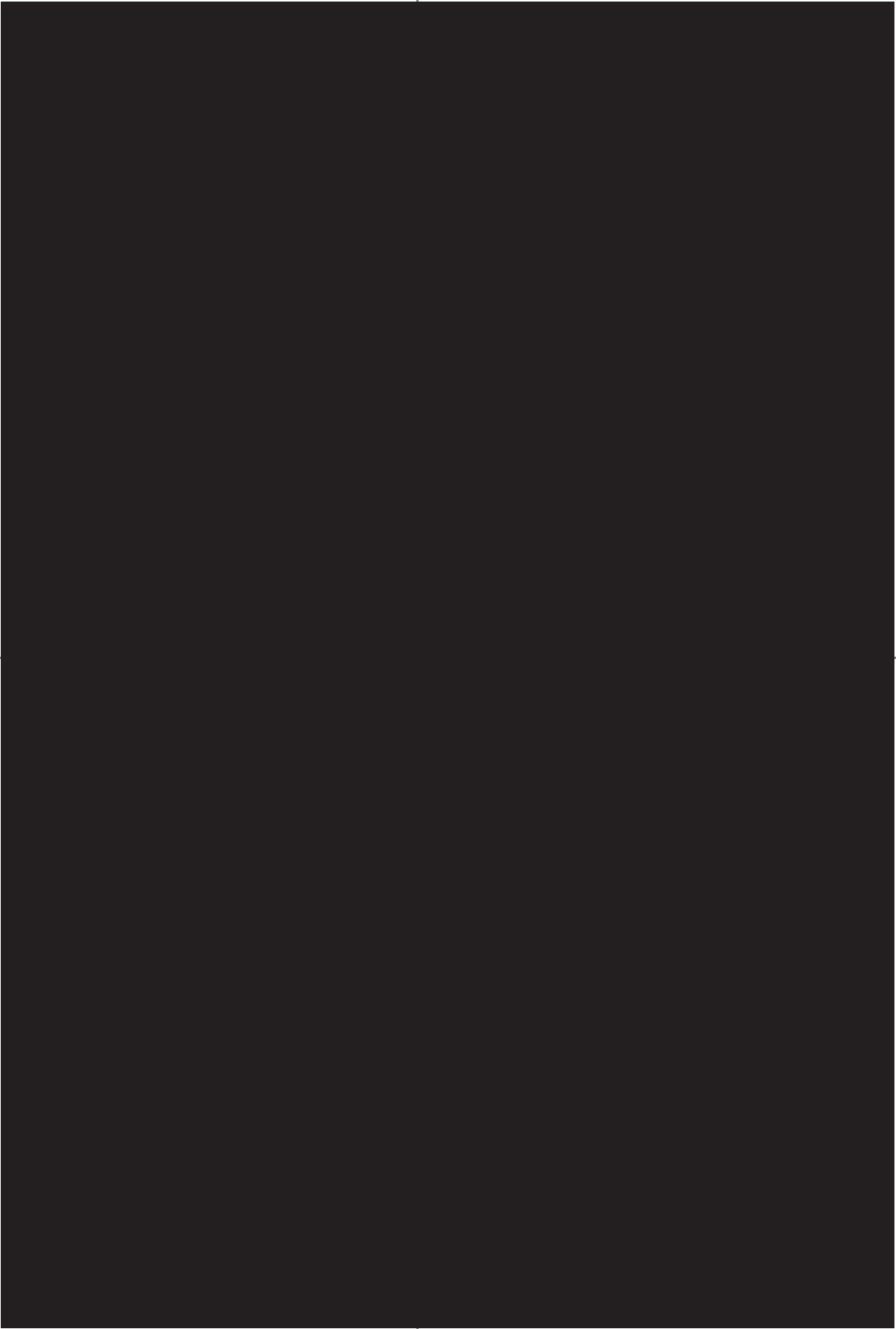
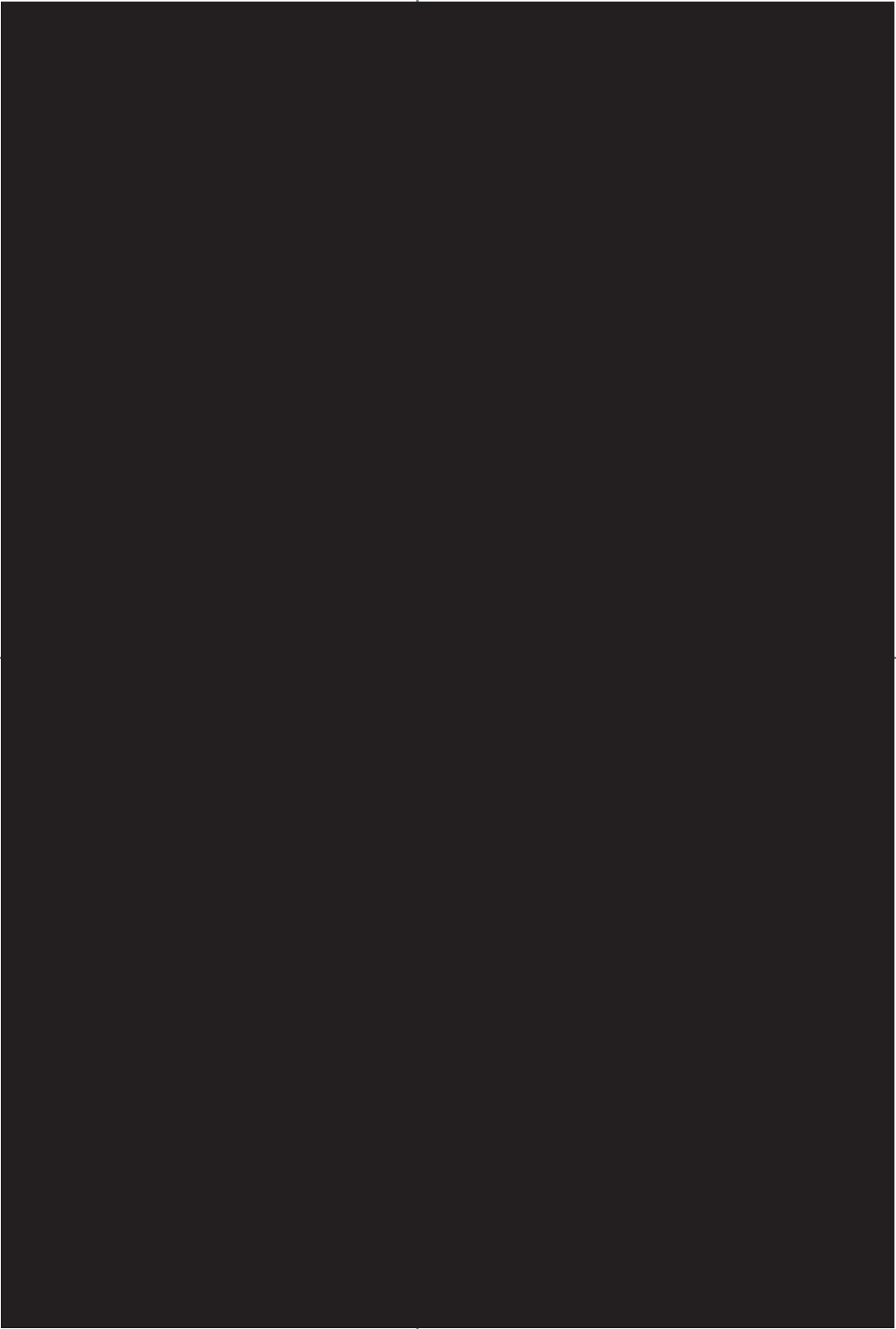
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<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>	<p>1 substances.</p> <p>2 "The regulation also requires that</p> <p>3 the registrant inform the local DEA division</p> <p>4 office of suspicious orders when discovered by</p> <p>5 the registrant."</p> <p>6 Is that what you understand the</p> <p>7 rules to include?</p> <p>8 MR. CLARK: Objection to</p> <p>9 form.</p> <p>10 Q. That when you get a suspicious</p> <p>11 order, you should let them know when you receive</p> <p>12 it, correct?</p> <p>13 MR. CLARK: Objection to</p> <p>14 form.</p> <p>15 A. I've heard different things with</p> <p>16 that from DEA.</p> <p>17 Q. You have?</p> <p>18 A. Yes.</p> <p>19 Q. What else have you heard?</p> <p>20 A. I went to a wholesaler -- DEA</p> <p>21 wholesaler meeting -- I believe it was in</p> <p>22 Indianapolis -- where the DEA has</p> <p>23 representatives there and they talk to the</p> <p>24 wholesalers and keep us updated on the laws and</p>
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<p>1 [REDACTED]</p> <p>2 Q. Sure. All right. We're going to</p> <p>3 talk about another DEA letter.</p> <p>4 All right. And this is after the</p> <p>5 other one. This is going to be PSI</p> <p>6 30(b)-301-001. This is dated December 27th,</p> <p>7 2007. Again, this letter was sent to all the</p> <p>8 distributors.</p> <p>9 It says, "This letter is being</p> <p>10 sent to every entity in the United States</p> <p>11 registered with the Drug Enforcement</p> <p>12 Administration, DEA, to manufacture or</p> <p>13 distribute controlled substances.</p> <p>14 "The purpose of this letter is to</p> <p>15 reiterate the responsibilities of the controlled</p> <p>16 substance manufacturers and distributors to</p> <p>17 inform DEA of suspicious orders in accordance</p> <p>18 with 21 C.F.R. 1301.74(b).</p> <p>19 "In addition to and not in lieu of</p> <p>20 the general requirement of 21 USC 23 that</p> <p>21 managers and distributors maintain effective</p> <p>22 controls against diversion, DEA regulations</p> <p>23 require all manufacturers and distributors to</p> <p>24 report suspicious orders of controlled</p>	<p>1 regulations.</p> <p>2 One of the attorneys that works</p> <p>3 for DEA had said that do our due diligence first</p> <p>4 and then, you know, make that judgment. So she</p> <p>5 was an attorney that worked for DEA.</p> <p>6 Q. "Make that judgment," meaning</p> <p>7 what?</p> <p>8 A. On if it's a suspicious order or</p> <p>9 not.</p> <p>10 Q. Okay. And if you think it's a</p> <p>11 suspicious order, you should report it</p> <p>12 immediately, correct?</p> <p>13 A. Yes.</p> <p>14 MR. CLARK: Objection to</p> <p>15 form.</p> <p>16 Q. Okay. All right.</p> <p>17 "Filing a monthly report of</p> <p>18 completed transactions ergo excessive purchase</p> <p>19 report or high unit purchases does not meet the</p> <p>20 regulatory requirement to report suspicious</p> <p>21 orders."</p> <p>22 Sitting here today, you're aware</p> <p>23 that the reporting you guys did from 2000 -- I'm</p> <p>24 sorry -- from 1997 to 2013, that that monthly</p>

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<p>1 report that Kirk did, that was after those had</p> <p>2 all been shipped; you're aware of that, right?</p> <p>3 MR. CLARK: Objection to</p> <p>4 form.</p> <p>5 A. Yes, on the report, correct.</p> <p>6 Q. "Registrants are reminded that</p> <p>7 their responsibility does not end merely with</p> <p>8 the filing of a suspicious order report.</p> <p>9 Registrants must conduct an independent analysis</p> <p>10 of suspicious orders prior to completing a sale</p> <p>11 to determine whether the controlled substances</p> <p>12 are likely to be diverted from legitimate</p> <p>13 channels."</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>	<p>1 Q. Just that you acknowledge that</p> <p>2 they're there?</p> <p>3 MR. CLARK: Same objection.</p> <p>4 A. They always give me this form and</p> <p>5 I always sign it, okay, when they come in, all</p> <p>6 right.</p> <p>7 Q. Okay.</p> <p>8 A. You know, I have no reason not to</p> <p>9 sign it. They're there for an inspection. I'm</p> <p>10 fine with that.</p> <p>11 Q. Okay.</p> <p>12 A. I'm not sure why they give you</p> <p>13 this paper. I'm not with DEA.</p> <p>14 Q. Fair enough. Can I see it back if</p> <p>15 you don't mind. We'll just mark that.</p> <p>16 ---</p> <p>17 (PSI - J. Schoen Exhibit 1 marked.)</p> <p>18 ---</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>
<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 Q. Okay. All right. I'll take that</p> <p>7 back from you.</p> <p>8 I've got a document here, and I'm</p> <p>9 sorry, I don't have extra copies. I just don't</p> <p>10 know what it is. We'll make it Plaintiffs'</p> <p>11 Exhibit Number 1, I guess. I haven't been</p> <p>12 marking a bunch because we've used the same</p> <p>13 documents.</p> <p>14 So I'll show it to your attorney</p> <p>15 first, if you don't mind, and then I'm just</p> <p>16 going to have you identify what that is.</p> <p>17 A. It's a DEA inspection.</p> <p>18 Q. Okay. And you're signing off that</p> <p>19 you're aware that there's an inspection, I</p> <p>20 guess, in the building? Strike that.</p> <p>21 What is the purpose of this form,</p> <p>22 if you know?</p> <p>23 MR. CLARK: Objection to</p> <p>24 form.</p>	<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>



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<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 MR. REINS: Mark that as</p> <p>9 Plaintiffs' Exhibit Number 2.</p> <p>10 ---</p> <p>11 (PSI - J. Schoen Exhibit 2 marked.)</p> <p>12 ---</p> <p>13 MR. CLARK: Are we continuing</p> <p>14 from Kirk or are these new?</p> <p>15 MR. REINS: They're new, but</p> <p>16 I'll tell you what I've done here.</p> <p>17 I've gotten really revolutionary.</p> <p>18 I've identified a number of the</p> <p>19 documents that have been exhibits</p> <p>20 in other depositions by Bates numbers so</p> <p>21 we know what they are, but I</p> <p>22 haven't attached them all again</p> <p>23 because, frankly, I have one copy</p> <p>24 left.</p>	<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>
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<p>1 MR. CLARK: That's fine.</p> <p>2 MR. REINS: Okay.</p> <p>3 THE WITNESS: Are we done</p> <p>4 with this, then?</p> <p>5 MR. REINS: Yes, sir, we are.</p> <p>6 And honestly, we're going to take a</p> <p>7 quick break because I may be done.</p> <p>8 THE VIDEOGRAPHER: We're</p> <p>9 going off the record at 3:04.</p> <p>10 (Recess taken.)</p> <p>11 THE VIDEOGRAPHER: We're back</p> <p>12 on the record at 3:14.</p> <p>13 MR. REINS: I have no more</p> <p>14 questions.</p> <p>15 ---</p> <p>16 REDIRECT EXAMINATION</p> <p>17 BY MR. CLARK:</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>	<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>

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38 (Pages 146 to 149)

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<p style="text-align: right;">Page 150</p> <p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 MR. REINS: Gotcha.</p> <p>22 I have no more questions.</p> <p>23 Thanks for your time.</p> <p>24 MR. CLARK: Nothing further.</p>	<p style="text-align: right;">Page 152</p> <p>1 CERTIFICATE</p> <p>2 STATE OF OHIO : SS: 3 COUNTY OF _____:</p> <p>4</p> <p>5 I, JAMES T. SCHOEN, do hereby certify that I</p> <p>6 have read the foregoing transcript of my</p> <p>7 cross-examination given on February 27, 2019; that</p> <p>8 together with the correction page attached hereto</p> <p>9 noting changes in form or substance, if any, it is</p> <p>10 true and correct.</p> <p>11 _____</p> <p>12 JAMES T. SCHOEN</p> <p>13</p> <p>14 I do hereby certify that the foregoing</p> <p>15 transcript of the cross-examination of JAMES T. SCHOEN</p> <p>16 was submitted to the witness for reading and signing;</p> <p>17 that after he had stated to the undersigned Notary</p> <p>18 Public that he had read and examined his</p> <p>19 cross-examination, he signed the same in my presence</p> <p>20 on the _____ day of _____, 2019.</p> <p>21 _____</p> <p>22 NOTARY PUBLIC - STATE OF OHIO</p> <p>23 My Commission Expires:</p> <p>24 _____, _____.</p>
<p style="text-align: right;">Page 151</p> <p>1 THE VIDEOGRAPHER: We're</p> <p>2 going off the record at 3:20 p m.</p> <p>3 (Signature not waived.)</p> <p>4 ---</p> <p>5 Thereupon, at 3:20 p m., on Wednesday,</p> <p>6 February 27, 2019, the deposition was concluded.</p> <p>7 ---</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p style="text-align: right;">Page 153</p> <p>1 CERTIFICATE</p> <p>2 STATE OF OHIO : SS: 3 COUNTY OF FRANKLIN :</p> <p>4 I, Carol A Kirk, a Registered Merit</p> <p>5 Reporter and Notary Public in and for the State of</p> <p>6 Ohio, duly commissioned and qualified, do hereby</p> <p>7 certify that the within-named JAMES T SCHOEN was by</p> <p>8 me first duly sworn to testify to the truth, the whole</p> <p>9 truth, and nothing but the truth in the cause</p> <p>10 aforesaid; that the deposition then given by him was</p> <p>11 by me reduced to stenotype in the presence of said</p> <p>12 witness; that the foregoing is a true and correct</p> <p>13 transcript of the deposition so given by him; that the</p> <p>14 deposition was taken at the time and place in the</p> <p>15 caption specified and was completed without</p> <p>16 adjournment; and that I am in no way related to or</p> <p>17 employed by any attorney or party hereto or</p> <p>18 financially interested in the action; and I am not,</p> <p>19 nor is the court reporting firm with which I am</p> <p>20 affiliated, under a contract as defined in Civil Rule</p> <p>21 28(D)</p> <p>22</p> <p>23 IN WITNESS WHEREOF, I have hereunto set my</p> <p>24 hand and affixed my seal of office at Columbus, Ohio</p> <p>on this 4th day of March 2019</p> <p>15 _____</p> <p>16 CAROL A KIRK, RMR</p> <p>17 NOTARY PUBLIC - STATE OF OHIO</p> <p>18 My Commission Expires: April 9, 2022</p> <p>19 ---</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>

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1	DEPOSITION ERRATA SHEET
2	I, JAMES T. SCHOEN, have read the transcript
3	of my deposition taken on the 27th day of February
4	2019, or the same has been read to me. I request that
5	the following changes be entered upon the record for
6	the reasons so indicated. I have signed the signature
7	page and authorize you to attach the same to the
8	original transcript.
9	Page Line Correction or Change and Reason:
10	_____
11	_____
12	_____
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24	Date _____ Signature _____